

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2002-11-C - ORDER NO. 2002-236

MARCH 29, 2002

IN RE: Emergency Application of Winstar Wireless,)	ORDER GRANTING
Inc. and Winstar Communications, LLC for a)	CERTIFICATE AND
Certificate of Public Convenience and)	APPROVING ASSET
Necessity to Provide Resold and Facilities-)	TRANSFER
Based Local Exchange, Exchange Access,)	
and Intrastate Interexchange)	
Telecommunications Services and for)	
Alternative and Flexible Regulation for)	
Winstar Communications, LLC; and for)	
Approval of an Asset Transfer from Winstar)	
Wireless, Inc. to Winstar Communications,)	
LLC)	

This matter comes before the Public Service Commission of South Carolina (the Commission) on Emergency Joint Application of Winstar Wireless, Inc. (old Winstar) and Winstar Communications, L.L.C. (new Winstar) (together, the applicants) for approval of the assignment of assets and authorization to provide telecommunications service.

By letter, the Commission's Executive Director instructed the applicants to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the areas affected by the Application. The purpose of the Notice of Filing was to inform interested parties of the manner and time in which to file the appropriate pleadings for participation in the proceedings. The applicants complied with this instruction and

provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene or Protests were filed.

On February 21, 2002, counsel for the South Carolina Telephone Coalition (SCTC) filed with the Commission a Stipulation in which new Winstar stipulated that it would seek authority in non-rural local exchange service areas of South Carolina and that it would not provide any local service to any customer located in a rural incumbent's service area, unless and until new Winstar provided written notice of its intent prior to the date of the intended service. New Winstar also stipulated that it was not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas. New Winstar agreed to abide by all State and Federal laws and to participate to the extent that it may be required to do so by the Commission in support of universally available telephone service at affordable rates. The Stipulation was entered into the evidence of the hearing, and the Staff requested that the Stipulation be approved by the Commission. The Stipulation is approved and attached as Order Exhibit 1.

A hearing was commenced on March 21, 2002 at 11:30 AM in the Commission's hearing room. The Honorable William Saunders, Chairman, presided. The applicants were represented by Faye A. Flowers, Esquire. F. David Butler, General Counsel, represented the Commission Staff. Kimberly A. Bradley, Senior Director of Regulatory Affairs for old Winstar, appeared and testified on behalf of the Company.

Ms. Bradley described and supported the Emergency Joint Application of the applicants for a Commission grant of approval or such authority as may be necessary or

required to enable the parties to consummate a transaction arising out of old Winstar's bankrupt status and approved by the United States Court for the District of Delaware.

According to Ms. Bradley, new Winstar was recently formed by IDT Corporation as part of a transaction in which IDT Corporation's indirect subsidiary, Winstar Holdings, LLC, is acquiring the core domestic telecommunications assets of Winstar Communications, Inc., the ultimate parent company of old Winstar and its various subsidiaries, including the Certificate and related operations of old Winstar in South Carolina. Among other things, the transaction contemplates new Winstar obtaining authority to provide resold and facilities-based local exchange, exchange access, and intrastate interexchange telecommunications services throughout the State of South Carolina through either the Commission's grant of the necessary authority to enable old Winstar's authorization to convey to new Winstar or through obtaining a new certificate. The transaction also contemplates the transfer to new Winstar of customers in South Carolina to whom old Winstar currently provides telephone services pursuant to its certificates. Therefore, the applicants seek the authority necessary to transfer, assign or otherwise enable old Winstar to convey its South Carolina authorization, along with its South Carolina operations and customers to new Winstar. The Certificates in question were originally issued to Winstar Wireless of South Carolina, Inc. in Docket No. 97-410-C and Docket No. 96-149-C. The Commission approved the intracorporate merger between Winstar Wireless of South Carolina, Inc. and old Winstar in Docket No. 98-582-C. Old Winstar and its parent and sister corporations filed for bankruptcy on April 18,

2001 and currently operate under the protection of the U.S. Bankruptcy Code before the U.S. District Court for the District of Delaware.

Bradley notes that IDT America Corp. is authorized to provide resold interexchange services in South Carolina pursuant to a Certificate issued in Docket No. 94-398-C. Therefore, this Commission has already found that new Winstar's ultimate parent, IDT Corporation, has the financial, managerial, and technical qualifications to offer telecommunications services through its subsidiaries.

Bradley further described the proposed transaction. In approving the Transaction, the Bankruptcy Court was cognizant of the need for certain regulatory approvals and, because of its concern that service to customers be continued uninterrupted pending receipt of the necessary approvals, it created a 120 day "Regulatory Compliance Period," expiring April 17, 2002, during which (1) the parties would seek and obtain the necessary federal and state regulatory approvals to operate the business and (2) the underlying vendors would continue to provide service to old Winstar, thereby ensuring continued and uninterrupted service to old Winstar customers, while the requisite regulatory and other contractual arrangements were being obtained by new Winstar. The Bankruptcy Court also approved a Management Agreement whereby Winstar Holdings, LLC will be responsible for payment of operating expenses during the 120-day Regulatory Compliance Period to ensure the smooth operation and provision of service. The Management Agreement further provides that old Winstar's existing customers will continue to receive service during this period consistent with old Winstar's existing tariffs and certificates.

In addition, Bradley states that, because old Winstar was no longer able to assure payment of its operating expenses during the transition period, and had been threatened with immediate discontinuance of essential underlying telecommunications and other services, Winstar Holdings, LLC deposited \$60 million into an account to be used to pay the costs of underlying carriers and other operating expenses incurred after the Bankruptcy Court Sale Order was entered. The Sale Order required that all providers of underlying services to old Winstar, including the common carrier service providers, continue to provide such services during the transition, and required that underlying carriers provide service to Winstar Holdings, LLC and its subsidiaries only a non-discriminatory basis in accordance with applicable law, and the applicants are in the process of identifying and taking steps to secure appropriate interconnection and other agreements and service arrangements that need to be established in order for new Winstar to operate. Bradley states that the Bankruptcy Court put into place the mechanisms described herein to ensure the operation and provision of uninterrupted service to old Winstar customers during this period, however, the process envisioned a Regulatory Compliance Period of 120 days. Therefore, Bradley testified that it is essential that the necessary approvals and service arrangements be obtained during that period.

Further, Bradley notes that, if approved, the transaction will not affect end-user services, and, except for a minor change in the name of the provider, will be virtually transparent to customers in South Carolina. Bradley states that the transaction will neither disrupt service nor cause inconvenience to old Winstar's customers, because new Winstar will continue to provide high quality, affordable telecommunications services to these

customers, under the same rates, terms, and conditions as old Winstar, and will provide for the seamless transfer of such services.

With regard to financial, managerial, and technical qualifications of new Winstar, Bradley testified that new Winstar is extremely well qualified to acquire and operate the old Winstar business. New Winstar's ultimate parent company, IDT Corporation, was founded in 1990, and routes billions of minutes of traffic per year. The Company uses its national telecommunications backbone and fiber optic network infrastructure to provide customers with an array of telecommunications services. IDT Corporation delivers its telecommunications services over a high-quality network comprised of more than 150 switches in the U.S. and Europe, and owned and leased capacity on 14 undersea fiber optic cables. IDT currently holds over \$1 billion in cash and cash equivalents. The applicants submitted a copy of the latest IDT Form 10-K to demonstrate financial ability.

Further, Bradley states that new Winstar also has the managerial and technical resources necessary to operate the Winstar business in South Carolina. Members of IDT's senior management team will be actively involved in operating new Winstar to assure the continued and uninterrupted provision of service pending regulatory approvals and in assessing and, as necessary, in reformulating the Winstar business so that it may offer innovative and competitive local and long distance telecommunications services on a more financially secure basis. IDT Corporation's management team also expects to rely on many of old Winstar's existing operations and management team who are familiar with the existing operations.

Bradley states that failure to approve the transaction will harm the public interest. Failure to approve would result in the inability of customers to continue to receive their Winstar services, and would result in a lessening of competition in the telecommunications market. Old Winstar's bankruptcy status has limited its ability to obtain and maintain the services and facilities it needs to compete for new customers and to continue providing certain services to existing customers. Essentially, without the commitment of Winstar Holdings, LLC, to assume responsibility for payment of operating expenses and to provide management support to old Winstar, that company would have been forced to convert to a Chapter 7 liquidation proceeding and to take immediate steps to cease operating and to discontinue all services to customers.

Since new Winstar does not currently hold authority to provide telecommunications services in South Carolina, in order to provide service to old Winstar's customers following the transaction described above, new Winstar needs such authority. Bradley states that in the event that old Winstar's certificate cannot be conveyed to new Winstar, and to the extent that such an application for authority is required, new Winstar has submitted information required to obtain a certificate of public convenience and necessity to provide facilities-based and resold local exchange, exchange access, and interexchange telecommunications services in the State of South Carolina. New Winstar states to provide such described services to business subscribers to and from all points in South Carolina. New Winstar will provide all services currently offered by old Winstar and seeks authority that mirrors the authority currently held by old Winstar. New Winstar intends to adopt the current effective tariffs of old Winstar upon

certification and prior to commencement of service in its own name, if approved by the Commission.

Bradley notes that new Winstar will market its service by direct solicitation as old Winstar currently does. In addition, new Winstar will use the same promotional materials in South Carolina that old Winstar uses, copies to be provided to the Commission on request.

New Winstar requests a waiver of Commission Regulations 103-631 to publish and distribute local exchange directories, since new Winstar's customers will be listed in the BellSouth directory. Further, the new Winstar requests a waiver of Regulation 103-610, which requires that all of its records be kept in the State, since all of its records are kept in the company's principal offices in New Jersey. Finally, new Winstar requests that it be exempt from any record keeping rules or regulations that might require a carrier to maintain its financial records in conformance with the Uniform System of Accounts (USOA). New Winstar uses GAAP for its accounting procedures.

Finally, Bradley testified that new Winstar requests flexible regulation for its local services, and alternative or relaxed regulation for the appropriate interexchange services.

Upon consideration of the application and the record from the hearing, the Commission makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Winstar Communications, LLC (new Winstar) is a Delaware limited liability company.

2. New Winstar wishes to either have the certificate of old Winstar transferred to it, or to obtain a new certificate for the provision of facilities-based and resold local, exchange access, and interexchange telecommunications services throughout the State of South Carolina.

3. The Commission believes that new Winstar should receive a new certificate of public convenience and necessity for the provision of said services. Further, the Commission believes that the requested asset transfer should be approved.

4. New Winstar has the managerial, technical, and financial resources to provide the services as described in its Application.

5. The Commission finds that new Winstar's "provision of service will not adversely impact the availability of affordable local exchange service." S.C. Code Ann. Section 58-9-280(B)(3)(Supp. 2001).

6. The Commission finds that new Winstar will support universally available telephone service at affordable rates.

7. The Commission finds that new Winstar will provide services which will meet the service standards of the Commission.

8. The Commission finds that the provision of local exchange service by new Winstar "does not otherwise adversely impact the public interest." S.C. Code Section 58-9-280(B)(5)(Supp. 2001).

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to new Winstar to

provide competitive intrastate resold and facilities-based non-rural local exchange service in South Carolina. The terms of the Stipulation between new Winstar and SCTC are approved, and adopted as a part of this Order. Any proposal to provide such service to rural service areas is subject to the terms of the Stipulation. In addition, new Winstar is granted authority to provide intrastate interLATA interexchange service and to originate and terminate toll traffic within the same LATA, as set forth herein, on a facilities-basis and through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), directory assistance, travel card service or any other services authorized for resale by tariffs of carriers approved by the Commission. Further, new Winstar is authorized to provide exchange access service.

2. New Winstar shall file, prior to offering local exchange services in South Carolina, its final tariff of its local service offerings conforming to all matters discussed with Staff and comporting with South Carolina law in all matters. New Winstar's local telecommunications services shall be regulated in accordance with the principles and procedures established for flexible regulation first granted to NewSouth Communications by Order No. 98-165 in Docket No. 97-467-C. Specifically, the Commission adopts for new Winstar's competitive intrastate local exchange services a rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels that will have been previously approved by the Commission. Further, new Winstar's local exchange service tariff filings are presumed valid upon filing, subject to the Commission's right within thirty (30) days to institute an investigation of the tariff filing, in which case the tariff filing would be suspended

pending further Order of the Commission. Further, any such tariff filings will be subject to the same monitoring process as similarly situated competitive local exchange carriers.

3. The Commission adopts a rate design for the long distance services of new Winstar which are consistent with the principles and procedures established for alternative regulation of business service offerings set out in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C.

Under the Commission approved alternative regulation, the business service offerings of new Winstar including consumer card services, and operator services, are subject to a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. However, pursuant to Order No. 2001-997 (Docket No. 2000-407-C), this Commission has modified alternative regulation by the re-imposition of rate caps with regard to certain “operator-assisted calls” where a customer uses a local exchange carrier’s calling card to complete calls from locations which have not selected that local exchange carrier as their toll provider. Order No. 2001-997, dated November 8, 2001, imposed a maximum cap of \$1.75 for operator surcharges for such calls, and a maximum cap of \$0.35 related to the flat per-minute rate associated with these calls. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission. Any

relaxation in the future reporting requirements that may be adopted for AT&T shall apply to new Winstar also.

4. With regard to the interexchange residential service offerings of new Winstar, the Commission adopts a rate design which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

5. New Winstar shall not adjust its interexchange residential rates below the approved maximum level without notice to the Commission and to the public. New Winstar shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for interexchange residential services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 2001).

6. If it has not already done so by the date of issuance of this Order, new Winstar shall file its revised maximum long distance tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations, and the prior tariffs of old Winstar.

7. New Winstar is subject to access charges pursuant to Commission Order No. 86-584 in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

8. With regard to the Company's resale interexchange service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

9. New Winstar shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If new Winstar changes underlying carriers, it shall notify the Commission in writing.

10. With regard to the origination and termination of toll calls within the same LATA, new Winstar shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dialing parity rules established by the Federal Communications Commission, pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209). Specifically, the Company shall comply with the imputation standard as

adopted by Order No. 93-462 and more fully described in paragraph 4 of the Stipulation and Appendix B approved by Order No. 93-462.

11. New Winstar shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports can be found at the Commission's website at www.psc.state.sc.us/forms. The title of the forms which the Company shall utilize to file annual surveillance reports with the Commission is "Annual Information on South Carolina Operations for Interexchange Companies and AOS".

12. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours.

New Winstar shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The Company shall utilize the "Authorized Utility Representative Information" form which can be located at the Commission's website at www.psc.state.sc.us/forms to file the names of these representatives with the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

13. New Winstar shall conduct its business in compliance with Commission decisions and Orders, both past and future, including but not limited to, any and all

Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

14. The Company also requests a waiver of 26 S.C. Code Ann. Regs. 103-631 (Supp. 2001). New Winstar plans to make arrangements with the incumbent local exchange carriers (ILECs) whereby the names of new Winstar's customers will be included in the directories published by the ILECs. We grant the Company's request for a waiver of 26 S.C. Code Ann. Regs. 103-631 (Supp. 2001). Additionally, the Company seeks a waiver of 26 S.C. Code Ann. Regs. 103-610, which requires the Company's books and records to be kept in the State of South Carolina. The Company desires to keep its books and records at its principal place of business. We find that it would be unusually difficult for the Company to maintain its books and records in South Carolina. It would be in the public interest to have the Company maintain its books and records at its principal place of business; therefore the Company's request for a waiver of Regulation 103-612.2.3 is granted. We also grant the Company's request to maintain its books in accordance with Generally Accepted Accounting Principles. However, the Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

15. Title 23, Chapter 47, South Carolina Code of Laws Ann., governs the establishment and implementation of a "Public Safety Communications Center," which is more commonly known as a "911 system" or "911 service." Services available through a 911 system include law enforcement, fire, and emergency medical services. In recognition of the necessity of quality 911 services being provided to the citizens of

South Carolina, the Commission hereby instructs new Winstar to contact the appropriate authorities regarding 911 service in the counties and cities where the Company will be operating. Contact with the appropriate authorities is to be made before beginning telephone service in South Carolina. Accompanying this Order is an information packet from the South Carolina Chapter of the National Emergency Number Association (“SC NENA”) with contact information and sample forms. The Company may also obtain information by contacting the E911 Coordinator at the Office of Information Resources of the South Carolina Budget and Control Board. By this Order and prior to providing services within South Carolina, new Winstar shall contact the 911 Coordinator in each county, as well as the 911 Coordinator in each city where the city has its own 911 system, and shall provide information regarding the Company’s operations as required by the 911 system.

16. The Federal Communications Commission (FCC) in July of 2000 required all telecommunications carriers throughout the United States to implement three-digit, 711, dialing for access to all Telecommunications Relay Services (TRS). The Commission issued a memorandum in March of 2001 instructing all South Carolina telecommunications carriers to implement the service completely by October of 2001. All competitive local exchange carriers (CLECs) and incumbent local exchange carriers (ILECs) were instructed to include language in their tariffs introducing 711 as a new service offering with deployment by July 1, 2001 and to translate 711 dialed calls to 1-800-735-2905. All Payphone Service Providers (PSPs) were instructed to modify their programmable phones to translate calls dialed as 711 to the assigned TRS toll free

number 1-800-735-2905 in order to route 711 calls to the TRS provider before October 1, 2001. Additionally, telephone directories were required to be updated and bill inserts promoting 711 were also required. This Company must comply with the applicable mandates. For complete information on compliance with this FCC and Commission requirement, go to the Commission's website at www.psc.state.sc.us/forms.

17. New Winstar shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, new Winstar shall keep financial records on an intrastate basis for South Carolina to comply with the annual report and gross receipts filings. The "Annual Report for Competitive Local Exchange Carriers" form can be located at the Commission's website at www.psc.state.sc.us/forms. This form shall be utilized by the Company to file annual financial information with the Commission. Gross receipts forms are due to be filed with the Commission no later than October first of each year.

18. Each telecommunications company certified in South Carolina is required to file annually the Intrastate State Universal Service Fund (USF) worksheet. This worksheet provides the Commission Staff information required to determine each telecommunications company's liability to the State USF fund. The Intrastate USF worksheet is due to be filed annually no later than August 15th.

19. The requested asset transfer is hereby approved.

20. Once the asset transfer between Winstar Wireless, Inc. and Winstar Communications, LLC is completed, new Winstar shall notify this Commission, so that

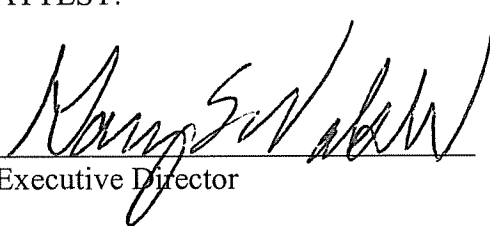
the Certificate of Public Convenience and Necessity held by Winstar Wireless, Inc. can be cancelled.

21. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

Exhibit No. 1

Docket No. 2002-11-C – Order No. 2002-236

March 29, 2002

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

Docket No. 2002-11-C

RECEIVED

IN RE: Joint Application of Winstar Wireless, Inc.)
and Winstar Communications, LLC for)
Authority to Transfer Operations and Assets)
and Application of Winstar Communications,)
LLC for a Certificate of Public Convenience)
and Necessity to Provide Resold and Facilities-)
based Local Exchange, Exchange Access, and)
Intrastate Telecommunications Services in the)
State of South Carolina)

STIPULATION

The South Carolina Telephone Coalition ("SCTC") (see attachment "A" for list of companies) and Winstar Communications, LLC ("Winstar Communications") hereby enter into the following stipulations. As a consequence of these stipulations and conditions, SCTC does not oppose Winstar Communications' Application. SCTC and Winstar Communications stipulate and agree as follows:

1. SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to Winstar Communications, provided the South Carolina Public Service Commission ("Commission") makes the necessary findings to justify granting of such a certificate, and provided the conditions contained within this stipulation are met.

2. Winstar Communications stipulates and agrees that any Certificate which may be granted will authorize Winstar Communications to provide service only to customers located in non-rural local exchange company ("LEC") service areas of South Carolina, except as provided herein.

OK

3. Winstar Communications stipulates that it is not asking the Commission to make a finding at this time regarding whether competition is in the public interest for rural areas.

4. Winstar Communications stipulates and agrees that it will not provide any local service, by its own facilities or otherwise, to any customer located in a rural incumbent LEC's service area, unless and until Winstar Communications provides such rural incumbent LEC and the Commission with written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. Also, Winstar Communications acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause.

5. Winstar Communications stipulates and agrees that, if Winstar Communications gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, and either (a) the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law within such 30-day period, or (b) the Commission institutes a proceeding of its own, then Winstar Communications will not provide service to any customer located within the service area in question without prior and further Commission approval.

6. Winstar Communications acknowledges that any right which it may have or acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures, and guidelines do not conflict with Federal or State law.

7. The parties stipulate and agree that all rights under Federal and State law are reserved to the rural incumbent LECs and Winstar Communications, and this Stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled.

8. Winstar Communications agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

9. Winstar Communications hereby amends its application and its prefiled testimony in this docket to the extent necessary to conform with this Stipulation.

AGREED AND STIPULATED to this 20th ^{February}~~January~~, 2002.

Winstar Communications, LLC:



CHARLES HF GARNER
PRESIDENT

South Carolina Telephone Coalition:



M. John Bowen, Jr.
Margaret M. Fox
McNAIR LAW FIRM, P.A.
Post Office Box 11390
Columbia, South Carolina 29211
(803) 799-9800

Attorneys for the South Carolina Telephone
Coalition

ATTACHMENT A

South Carolina Telephone Coalition Member Companies for Purposes of Local Service Stipulation

ALLTEL South Carolina, Inc.
Chesnee Telephone Company
Chester Telephone Company
Farmers Telephone Cooperative, Inc.
Ft. Mill Telephone Company
Heath Springs Telephone Company Inc.
Home Telephone Company, Inc.
Lancaster Telephone Company
Lockhart Telephone Company
McClellanville Telephone Company
Norway Telephone Company
Palmetto Rural Telephone Cooperative, Inc.
Piedmont Rural Telephone Cooperative, Inc.
Pond Branch Telephone Company
Ridgeway Telephone Company
Rock Hill Telephone Company
Sandhill Telephone Cooperative, Inc.
St. Stephen Telephone Company
West Carolina Rural Telephone Cooperative, Inc.
Williston Telephone Company

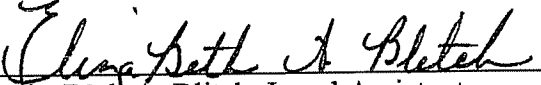
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based Local Exchange, Exchange Access, and)
Intrastate Telecommunications Services in the)
State of South Carolina)

**CERTIFICATE OF
SERVICE**

I, ElizaBeth A. Blitch, do hereby certify that I have this date served one (1) copy of the foregoing Stipulation upon the following party of record by causing said copy to be deposited with the United States Mail, first class postage prepaid to:

Faye A. Flowers, Esquire
Park Poe Adams & Bernstein LLP
Post Office Box 1509
Columbia, South Carolina 29202-1509.


ElizaBeth A. Blitch, Legal Assistant
McNAIR LAW FIRM, P.A.
Post Office Box 11390
Columbia, South Carolina 29211
(803) 799-9800

February 21, 2002

Columbia, South Carolina